

State of the City Address 2015
Mayor Harrison
City of Fremont

Good afternoon.

Thank you for attending this year's State of the City Address.
I want to thank the Fremont Chamber of Commerce for hosting today's luncheon.

Over the past few years we have set out on a course to change the way the City of Fremont operates.

No longer would we think or act like a typical municipal government.

Instead, we would be bold,
visionary,
and we would take a page from the playbooks of a Silicon Valley company.

We push the envelope and embrace an entrepreneurial spirit that is not something you'd typically expect from a city government.

With this way of thinking and change, comes some risk,
yet we learn from our experiences and continue moving forward.

That has become the Fremont way.

One thing we have shown,
is that when our departments work together,
the public wins.
I would like to thank City Manager, Fred Diaz,
and the Management Staff,

and all the City employees,
for their contributions to making Fremont a forward-thinking, innovative City
that's turning heads,
not just within the Bay Area,
but throughout the nation.

I would now like to introduce my colleagues on the Fremont City Council:

Vice Mayor Sue Chan
Councilmember Vinnie Bacon
Councilmember Lily Mei, and
Councilmember Rick Jones.

I also want to acknowledge and thank Anu Natarajan and Raj Salwan for
their years of dedication to the City of Fremont.

A few years ago, we made it our goal to tell Fremont's story and not be the
Bay Area's best kept secret any longer.

As you can see from these headlines, our efforts look like they're paying
off.

From Bloomberg and the Washington Post,
to CNET and local coverage,

people are taking notice, and we're being recognized for our unique way of
thinking.

It's an honor to be part of a local government that receives national
attention for the work we do.

In Fremont, our economic development efforts are laying the groundwork
for what's to come, especially on the jobs front.

In fact, Wallet Hub ranked Fremont Number 5 on their list as one of the best cities to find a job!

And speaking of jobs,

Fremont continues to gain recognition for being a regional leader in advanced manufacturing.

Last year, we successfully celebrated National Manufacturing Day for the second year in a row,

tripling the number of Fremont companies who opened their doors for tours to students.

We also debuted this infographic, which tells the story of the American manufacturing comeback and Fremont's role in the story.

Did you know that nearly 900 companies across 185 industries manufacture right here in Fremont, making up about 23% of our workforce.

This is well above the national average.

It is for this reason that manufacturing is a defining characteristic of Fremont's Innovation District strategy.

For those who've said manufacturing cannot be a driver of this new Innovation District phenomenon, just look at Warm Springs, anchored by the world's most advanced automobile manufacturer, Tesla.

Their growth continues to impress everyone, as they prepare to launch the new Model X later this year, in addition to the wildly successful Model S.

The Model X is currently undergoing testing, so don't be surprised if you see a mysterious, futuristic-looking car zooming around town.

Today, Tesla is officially Fremont's largest employer with nearly 5,000 workers and growing.

To date, they have exceeded the number of NUMMI's employees when they closed their doors just a few years ago.

But the story is even bigger than Tesla alone.
As they ramp up production, Tesla's suppliers must meet the demand, too!

I frequently hear stories from both long-time Fremont companies, like Asteel Flash, and new members of our community like Eclipse Automation, about being part of Tesla's supply chain.

It is this supply chain effect that offers Fremont a tremendous opportunity to be the heart of the Bay Area's Electric Vehicle cluster.

We're also making sure our policies support this growth.

Last year, we adopted an Electric Vehicle Ordinance, which broadened the areas where EV activity can occur in the city.

Some have already taken note.
For instance, we welcomed GenZe, maker of electric two-wheelers and bicycles to Fremont last year.

Just next door to Tesla, we celebrated one of several exciting corporate expansion stories and an exciting milestone for our Warm Springs Community Plan.

ThermoFisher Scientific held the grand opening of its new Diagnostics Center of Excellence, a 278,000 square foot R&D and manufacturing facility.

This allowed ThermoFisher to consolidate and expand its Fremont operations and bring nearly 600 employees into one state-of-the-art facility and provides them important room for future growth.

At a cost of \$75 million, this project is the largest single investment by this global powerhouse that calls Fremont home.

And speaking of openings,
we look forward to October, when Seagate will open their doors to their state of the art facility that will employ 700 people and help them deliver the next generation of data storage to Silicon Valley and the world.

And this fall will also be the official grand opening of Delta Products' new U.S. Headquarters.

As the first private LEED Platinum building in Fremont, this 170,000 square foot facility will make an impressive statement at a key entrance to our Innovation District.

They join LAM Research, who is also expanding its headquarters, adding a new building to its campus just next door.

Down at Dixon Landing and 880, Overton Moore has just about completed The Crossings at 880, a 700,000 square foot project that is already completely leased up as the paint is still drying.

The strong demand for this new, high quality industrial space is validated by the tenants at the Crossings, which include Apple, Pivot Interiors, an office furniture business, and the first northern California store for Living Spaces, a well-known furniture company in Southern California.

Also noteworthy, completion of The Crossings means the extension of Fremont Boulevard to Dixon Landing, creating a significant new commuter connection to Silicon Valley.

We look forward to a ribbon cutting event this spring.

This project has led the way in what's been a true industrial development boom in Fremont. Look for more to come as Prologis breaks ground later this year on Silicon Valley Logistics Park.

With 2 new industrial buildings totaling nearly 700,000 square feet.

Not only are we excited about this expansion and new development activity, check out some of these companies making headlines:

Ardelyx and Zosano Pharma are two Fremont biotech companies that had IPOs totaling \$60 million and \$50 million, respectively.

German pharmaceutical manufacturer, Boehringer Ingelheim, won the 20-14 East Bay Innovation Award in Advanced Manufacturing, for their truly cutting edge operation here in Fremont.

Founder of Fremont-based LED lighting company, Sora, won the Nobel Prize in Physics.

Organic Spice Manufacturer, Spicely Organics, is expanding their production operation here and receiving recognition for their product line at Whole Foods and their boutique/showroom in Downtown San Francisco.

I.T. Consulting firm, SigmaWays, ranked on the Business Journals List of Fastest Growing Private Companies, with a staggering 51.2% revenue growth in the past 2 years.

And some of our female CEOs are making their own headlines, leading innovative companies right here in Fremont and doing their part to keep Fremont's economic engines firing.

Last month, Smart Asset listed Fremont the third-best paying city for women in tech,

with a gender pay gap earning ratio of 87% and the only Bay Area city in the top 15 cities.

Hearing these stories makes it clear why business retention and expansion has been so integral to our economic development strategy.

We know that most of our growth comes from companies like I just mentioned.

And this strategy is paying dividends.
Literally.

In the last few years, significant expansions by companies like ThermoFisher,

Delta,
Seagate,
Lam Research,
and Western Digital
have totaled nearly \$500 million of investment in our community.

But not surprisingly, some of our most notable headlines happened in clean tech,
a sector that continues to grow and where Fremont maintains a distinct competitive advantage,

based on strategic policy and local industry expertise.

Case in point.

We had a big announcement just recently that Solar City has leased a former Solyndra facility to house its R&D operations, which resulted from their acquisition of Fremont-based Silevo Solar.

With all this innovation activity that I've just described, we are more committed than ever to developing Fremont's Innovation District,

a combination of the Warm Springs area,
Bayside,
and other employment areas of South Fremont.
Look for increased branding efforts in the very near future.

And continuing with our national recognition,
We have leveraged new research by the Brookings Institution about Innovation District models and are distinguishing ourselves as one of the few places to have an advanced manufacturing-anchored innovation district.

We also take pride in thinking outside of the box, and liken our way of doing things to that of an up-and-coming Silicon Valley business, rather than a City government.

We continue looking for strategic ways to partner with stakeholders to help us shape Fremont's future.

Nowhere is this more evident than with the City's two key initiatives, the Downtown and Warm Springs Innovation District.

With these two initiatives, our City government is driving development and creating economic opportunities for our community with the private sector. We are focusing on partnerships with both regional public agencies and the private sector because we cannot do this alone.

If you haven't noticed yet, Downtown Fremont is offering up some new views from Capitol Avenue looking towards Fremont Boulevard.

The City acquired a three-story building last April, and our staff worked diligently with the impacted business owners to assist them in finding new locations here in Fremont.

<Play Demolition Video>

This past September, the community witnessed the demolition of a three-story office building on what will now be the intersection of Fremont Boulevard and Capitol Avenue.

The demolition of the building was a critical step towards extending Capitol Avenue,

the "Main Street" of Downtown Fremont, to Fremont Boulevard.

This extension is the linchpin that will provide connection between transit options,

regional shopping centers,

major employment centers,

and surrounding neighborhoods to a centralized Downtown.

Phase I of the Capitol Avenue extension project is scheduled to be completed in June.

Funding for these improvements comes from a \$5.8 million dollar One Bay Area Grant.

We will begin streetscape improvements on Capitol Avenue, from State Street to Paseo Padre, beginning this summer.

This summer will also mark the groundbreaking for Downtown's first mixed-use project,
the State Street Project,
with developer Sares Regis.

This catalytic project will spur a mix of development of retail in Downtown creating 22,000 square feet of retail and 145 residential units for sale.

And the Civic Center Master Plan, which was approved last July by the Council, will truly become a significant focal point.

Development will occur in three phases and help shape our city's future Downtown.

And as we make headway on the construction of the new Downtown,
we are creating Fremont's social heartbeat,
which will serve as the community's gathering space to eat,
play,
mingle
and connect.

This will all happen before,
during,
and after construction.

Last year we hosted a successful season of Fremont Underground Social Experience, otherwise known as FUSE.
And this year we look forward to the return of the Chamber's popular Fremont Street Eats, our very own gourmet food truck event every Friday night starting in May.

And for all you burger and beer lovers, mark your calendar for May 23 for the Chamber's new Downtown event, Burger N Brew Fest.

We are also working on some new programming for the Downtown.
You can look forward to a new Farmer's Market in Downtown on Wednesdays starting in May,

a Downtown date night movie in late summer,
and a “spirited” Halloween event in mid fall.

And to accommodate the ever-growing medical needs in Fremont,
Washington Hospital just broke ground on their new Critical Care Pavilion
and has begun pile driving for their new parking structure, while

Kaiser Permanente is investing \$13 million to upgrade its Radiology and
Imaging Department and adding new technology and equipment to better
serve patients.

And across the street,
Palo Alto Medical Foundation’s Surgery Center and Parking Structure are
nearly complete.

I’m sure you’ll agree, Downtown Fremont is truly on the Rise.

Moving on now to South Fremont.

Amazing things are also happening in Warm Springs.

The Council adopted the Warm Springs/South Fremont Community Plan on
July 22 last year.

This Plan is the guiding blueprint for transforming the area from
underutilized industrial lands
into a 21st century
transit oriented
jobs focused development.

All in all,
there’s an opportunity to create 20,000 additional jobs and 4,000 new
housing units.

We’re hitting the ground running by implementing the Warm Springs/South
Fremont Community Plan through private investment.

Just last week, the City Council approved Lennar’s project on
approximately 111 acres just North of the Tesla Factory.
The Plan calls for a sustainable mixed-use innovation district with a
potential of 4,100 jobs and

2,214 housing units adjacent to the Warm Springs/South Fremont BART station.

This will include Innovation Way,
the prime Class A employment gateway to the district

and a mixed-use development that will offer strategically urban living and working opportunities within a short walking distance from BART, providing an alternative form of transportation for people who live and work in the area.

The approval includes
\$54 million in affordable housing,
\$35 million in infrastructure,
money for a park,
and extra funds for a state-of-the-art school, which I will tell you about in a moment.

Construction is anticipated to begin by spring next year.

And as a result of the City's leadership and our comprehensive work on the Warm Springs Community Plan,
the Fremont Unified School District and the development community are partnering to build this brand new elementary school.

This marks the first time in recent history the development community has come together with the School District to provide the land, and also fund and build a school.

Currently, the District and the development teams, consisting of Lennar,
Toll Brothers,
and Valley Oak are solidifying an agreement.

Additional school impact fees and funds provided by the developers will be collected and used to serve the existing junior high and high school that this new, state of the art school will feed into.

I'm proud of the work the City,
the District,
the applicant,
and the community did to get us to where we are today.

It is truly a historic moment.

Fitting for our Innovation District, we've seen some tremendous progress at the Warm Springs/South Fremont BART Station.

It's been incredible to watch the transformation of 34 acres of dirt into an innovative transportation hub.

We look forward to the Warm Springs Boulevard improvements later this spring.

Be sure to mark your calendar for late December when Fremont's second BART Station opens.

Which is great news, because VTA's 10-mile BART Silicon Valley Berryessa Extension project is now more than halfway complete.

The project is still tracking ahead of schedule and passenger service is planned for the later part of 2017.

You've just heard about some of the great things happening in Downtown and Warm Springs.

These two projects will bring focus to Fremont, and will allow for future development and investment in our historic districts, where I'm pleased to report that we have exciting news in every corner of our city, and I'm happy to share a few of them with you.

In an effort to preserve Mission San Jose's historic integrity, yet also continue building towards the future, we have Palmdale Estates, the St. Joseph's Priory, and Mission Palms.

These projects are either under construction or soon will be, and I look forward to their openings.

Over in Irvington, Monument Plaza, a 6,800 square foot retail center, was recently built on a vacant lot.

It's speculative retail space for now, including a Starbuck's featuring outdoor seating.

In Centerville,
we're making progress on the Artist Walk mixed-use project,
which is the former Centerville Unified Site.

Artist Walk will bring 185 apartment units and 28,000 square feet of ground floor retail along Fremont Boulevard.

The developer has submitted for building permit review and approval. Construction is expected to begin in late summer or fall of this year.

In Niles,
we will be replacing the Niles Boulevard Bridge, one of the gateways into this historic district,
which spans over the Union Pacific Railroad and BART tracks at the Fremont and Union City border.

With a \$11 million price tag,
we're using Federal and State funds to ensure the new bridge will enhance seismic reliability.

And up in Ardenwood, we're seeing some exciting investments in our parks.

I'm pleased to report that Karl E. Nordvik Park got a makeover to include a 100,000-plus square foot state-of-the-art synthetic turf field.

It's equipped with lights to allow for day or night time use,
additional parking,
and it's available to use and rent.

And we continue to look for opportunities to improve our award-winning parks system elsewhere in the city.

We're converting some of the Central Park soccer fields to a mixed use Synthetic Turf Cricket and Soccer Field.

Such a conversion increases use four-fold

and decreases maintenance by 75%.

Our staff is working with enthusiastic representatives of the cricket community and we look forward to Fremont's first Cricket Field that meets the standard for Regional Cricket Club Competition.

All of these renovations show just how committed we are to increasing the quality of life in Fremont, and ensuring that our city continues to be a fantastic place to call home.

And this is great news.

After all,

Fremont was ranked as the second best city to raise children, according to MyLife.com.

And NerdWallet and Business Insider recognized Fremont as one of the nation's top cities for working parents.

While recognitions like these in Silicon Valley's strong economy are generally good news for Fremont, one down side is the corresponding increase in housing costs that makes it difficult for lower and middle-income residents to afford housing.

This is why it's important for Fremont to continue to work with the development community and advocates to make sure Fremont has affordable and available housing for people at all levels.

A couple of noteworthy projects I'd like to highlight include:

Nonprofit developer MidPen Housing completed a top-to-bottom rehabilitation of Century Village Apartments, a 100-unit affordable complex.

And Laguna Commons, a 64-unit complex will house those with extremely low incomes, and will have 25 units reserved for veterans at risk for homelessness.

I am proud of this project's emphasis on helping local veterans who have bravely served our country,

so they will never be described as being homeless.
Construction started earlier this month.

And it's great to see the Fremont Senior Center being used as a Winter Warming Center to provide a warm, safe environment for homeless residents in Fremont and the greater Tri-City area.

Even in a historically dry winter, the Fremont Warming Center served 129 homeless individuals for 20 nights with an average of 20 people per night.

I applaud the City's Human Services Department, who is working in partnership with City Serve Compassion Network to provide volunteers and hot dinners, and has support from Abode Services.

I also want to thank Cargill for underwriting hot breakfasts "to go" for the participants and to our Senior Center chefs for whipping up the hearty meals.

Another program to warm our hearts is Fremont's Make a Difference Day.

From providing meals for the needy and haircuts for low income residents to shelter beautification, I am always appreciative of the generosity of our community.

I want to thank the 2,877 volunteers who came out in October, and participated in 100 planned projects throughout Fremont on one day,

which is more than we had the prior year.

Also up, is the Aqua Adventure Waterpark, which had a record breaking year hosting more than 90,000 guests and increasing revenues by over 20% over last year.

With additional revenue generated, our Recreation Services Division is able to give back to the community with over \$100,000 dollars in scholarships annually for low income Fremont families.

And in news of other increases,

I'm pleased to report that our Auto Mall is officially full and continues to be a powerhouse among bay area auto malls.

New dealers have been announced, reflecting the strong demographics here.

In addition, Carmax anticipates starting construction on their new facility in late Spring and will add significant activity to the Auto Mall with its ability to attract such a large, diverse customer base from across the region.

And across the street from the Auto Mall is Pacific Commons.

It continues to be a huge success and is even going through a bit of a renaissance.

Under new ownership and management, there are plans in store for additional placemaking elements throughout the center,

as well events like a farmers market, all of which contribute towards making this regional powerhouse a shopping and entertainment destination.

And The Block is nearly complete, and almost fully leased with new tenants, including:

Dick's Sporting Goods,
Buffalo Wild Wings,
The Kabob Shop,
and Blaze Pizza.

The addition of Dick's Sporting Goods is a great example of filling a long time void in our community.

And there's more to come!

As the city continues to grow,
we enthusiastically welcome new businesses to town,

yet have also said goodbye to some long standing favorites
whose history is woven into the fabric of our community.

While goodbyes are often bittersweet,
I am pleased THAT retailers are finally taking note of our strong
demographics.

Downtown tenants like Pieolgo, The Counter, and Boudin Bakery are early
examples of what is likely to continue.

And retail advancements are good for our bottom line.

On the budget front,

we're pleased that our top five revenues, consisting of

Property Tax,
Sales Tax,
Franchise Fees,
Business Tax,
and Hotel Tax,

are all showing moderate growth.

We estimate that we will have a fund balance of slightly over \$1.2 million at
the end of the fiscal year, mainly due to the additional projected revenue
from sales tax.

The Council continues to strategically invest where possible for our City's
unmet needs like
unfunded liabilities,
street maintenance,
and public safety,
which you'll hear about shortly,

In the next 4 years alone, nearly \$40 million will be spent on our streets.

And speaking of street improvements,
with the passage of Measure BB, good things are coming to Fremont.

Initial revenue estimates indicate an additional increase of \$2 million annually above and beyond Council's investment in our unmet needs for local streets and roads projects.

In Warm Springs, we'll use Measure BB funds to build a west access bridge to connect the new Warm Springs South Fremont BART Station to the Innovation District.

We're also exploring some transit demand management options for the new BART Station including a shuttle program, bike share, and an electric pod system to attract commuters to public transportation options.

The final design of the bridge and a public plaza are under review. Construction should start by mid 2016.

And safety continues to be a top priority for us.
I am proud to report that Real Estate Company Movoto recently ranked Fremont as the third safest place to live in America.

Our partnership with the Fremont community is a meaningful part of this significant achievement.

The City has experienced two straight years of a 4% decrease in the types of crimes you see listed on the screen <Homicide, Rape, Robbery, Aggravated Assault, Burglary, Theft, Auto Theft, and Arson>.

Programs where the community and the Police Department come together, such as sharing video footage of crimes that neighbors have recorded, are one of the reasons we have had a reduction in crime.

I encourage Fremont residents and Fremont businesses to work with our Police Department and register your video camera systems with the Department as part of this effective program.

I'm also looking forward to implementing our citywide video network.

I want to thank the men and women of the Fremont Police Department and the entire Fremont community for their investment in the safety of our city.

As an example of joint agency cooperation,
in January,
the Fremont Police Department and Union City Police Department began the first phase of contracting Union City dispatching services through the Fremont Police Department's Communication Center.
We anticipate saving approximately \$400,000 annually through this consolidation,

as well as producing other benefits to the operations of our Communication Center.

I'm pleased to report,
given an improved economy,
Fire Station No. 11,
on the Bayside area of our Innovation District,
finally opened on January 2.

The station, which is the City's first public Gold Level LEED Building, brings the Fremont Fire Department back to full staffing with 11 fire stations located throughout the city

to ensure the best possible response times to emergencies.

And speaking of new additions to the Fire Department,
last December we welcomed
7 new probationary firefighters,
all of whom graduated after a rigorous 17-week Recruit Academy.

And when our City departments are unified and work together to solve a community issue,
such as traffic safety and graffiti,
the public wins.

Our Police Department's efforts to reduce injury collisions, coupled with the efforts of our traffic engineers and streets maintenance crews, as well as the Fremont Unified School District, help keep our streets safe, especially

around schools.

Through this collaborative effort,
we recently completed significant traffic signal improvements along
Fremont Boulevard, next to two of our high schools.

These improvements are making it safer for pedestrians in the immediate
area.

I appreciate everyone's patience as these projects were developed.

And where safety is concerned,
a few months of being inconvenienced is certainly worth it in the end.

We're also sprucing up our streets while combatting graffiti
through our new boxART! program.

We're working with local artists to create street murals on many of our
traffic signal control boxes.

I look forward to keeping the momentum of this artsy program going,
while also focusing the City's efforts on being green.

I'm proud to announce that Fremont is one of 50 communities across the
nation competing for the Georgetown University Energy Prize,

a 2-year challenge to reduce residential,
municipal, and
public school energy usage with a \$5 Million prize to the best performing
community.

Based on community feedback,
We're developing a Green Community Challenge for residents to commit to
sustainable actions at home
and gain access to resources that will help them save energy
and water,
reduce waste,
and go solar.

The City is also doing its part to help Fremont win the Energy Prize by upgrading City facilities with energy and water efficient systems and solar installations,

and replacing existing street lights with LEDs.

Recently, we switched out 351 bulbs along Mowry, from the 880 interchange to Peralta, and along Walnut and Argonaut from Mowry to Mission.

And I'm happy to report that construction on the first of three planned solar carports at City facilities, started this week.

This work is the result of a unique collaboration between 19 different government agencies that banded together to purchase solar as a group.

And for the City, it will help us save money.

To assist others fulfill their sustainability goals, we continue to fast-track our solar permitting process and have also opened an Express Permit Counter.

These efforts are just a sampling of the City's sustainable actions.

What will you do to reduce your carbon footprint?

I encourage all Fremont residents and businesses to commit to the Green Community Challenge so we can work together and bring home the \$5 million sustainability prize!

So as you have heard today, the state of our city is good. Our economy continues to grow modestly in a healthy manner. We continue to look for partnerships with stakeholders and work collaboratively with members of our community.

We continue to invest in our city,

so a child in Fremont's schools today,
can have a place to live and work when they're finished with their
education.

Our City will continue to help those who need help,
and work with those willing to join us in our efforts.

And lastly,
our City will continue to be bold, innovative, and green,

to look to Silicon Valley for solutions,
and continue to push the boundaries and take smart risks to distinguish
Fremont as a leader of innovation.
Thank you.

I'll now take questions.